



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Application of Southern California Edison Company (U 338-E) for Authority to Add City of Anaheim's Share of San Onofre Nuclear Generating Station Unit Nos. 2&3 (SONGS 2 & 3) to SCE's Rates and Associated Relief.

Application 06-03-020

**RESPONSE OF THE DIVISION OF RATEPAYER ADVOCATES TO THE
ADMINISTRATIVE LAW JUDGE'S RULING REQUIRING
IDENTIFICATION OF ISSUES TO PURSUE**

I. INTRODUCTION AND SUMMARY

The Division of Ratepayer Advocates (DRA) hereby responds to the May 8, 2006 Ruling issued by Administrative Law Judge (ALJ) O'Donnell. In that Ruling, the ALJ required DRA to identify the issues for which it believes hearings are necessary.

On April 13, the Division of Ratepayer Advocates (DRA) protested the Application (A.) 06-03-020 of Southern California Edison Company (SCE) to add the City of Anaheim's share of SONGS' 2 and 3 costs to its rates. DRA requested the opportunity to conduct discovery and present testimony in response to SCE's application.

DRA has now concluded its discovery, which focused on determining the acquisition value and the need to coordinate assessment of this application with other proceedings.

After review of the assumptions underlying the net benefits model provided by SCE, and further analysis of this application, DRA is now satisfied that an early acquisition of SONGS from the City of Anaheim can present net benefits to ratepayers.

One concern with the application was SCE's proposal to recover decommissioning costs related to the Anaheim share of SONGS. While DRA has no objections to SCE's recovery of reasonable decommissioning costs related to the Anaheim share of SONGS, DRA does have concerns with the specific amounts SCE proposes to recover over the next three years.

Decommissioning costs are typically addressed by the Commission in Nuclear Decommissioning Cost Triennial Proceedings (NDCTP). In NDCTPs, DRA typically proposes lower amounts than requested by the utility. This would likely be the case in this proceeding as well. However, rather than litigating the appropriate amount of decommissioning costs in this proceeding, DRA has discussed this issue with SCE. DRA understands that SCE will modify its current request by serving modified testimony, reducing the amount it requests for decommissioning by 50%, subject to adjustment in its next NDCTP. That adjustment will resolve any issues DRA has with regard to decommissioning costs in this proceeding. In accordance with that understanding, DRA hereby withdraws its Protest in this proceeding.

DRA believes that the risks underlying early SONGS acquisition are linked to operational costs that SCE filed in its 2006 General Rate Case (GRC) filing, approved by the Commission on May 11, 2006. Therefore, these risks are identified upfront and are minimal. By not objecting to this application, DRA is not waiving its right to review and litigate SONGS related costs that will be addressed in future GRCs.

II. CONCLUSION

DRA believes that early SONGS acquisition can present net benefits to ratepayers. DRA has no additional issues to pursue. Hearings are therefore not necessary. DRA cannot predict how ALJ O'Donnell would like to proceed in this case, however the alternatives appear to be the following: either the parties (DRA and SCE) could enter into a settlement agreement together with a supporting motion; a PHC could be ordered to set a briefing schedule; or, following withdrawal of its protest, DRA would not object to a modification of the present filing in accordance with the understanding stated above,

and in the event no other party objects, ALJ O'Donnell could issue a decision on SCE's application.

This concludes DRA's comments.

Respectfully submitted,

/s/ PAUL ANGELOPULO

Paul Angelopulo
Staff Counsel

Attorney for the Division of Ratepayer
Advocates

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Phone: (415) 703-4742
Fax: (415) 703-2262

June 9, 2006

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “RESPONSE OF THE DIVISION OF RATEPAYER ADVOCATES TO THE ADMINISTRATIVE LAW JUDGE’S RULING REQUIRING IDENTIFICATION OF ISSUES TO PURSUE” in A.06-03-020 by using the following service:

[X] **E-Mail Service:** sending the entire document as an attachment to an e-mail message to all known parties of record to this proceeding who provided electronic mail addresses.

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Executed on June 9, 2006 at San Francisco, California.

/s/ ANGELITA MARINDA
Angelita Marinda

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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***** APPEARANCES *****

Paul Angelopulo
Legal Division
RM. 5031
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-4742
pfa@cpuc.ca.gov

Alison Kott
Deputy City Attorney
CITY OF ANAHEIM
200 S. ANAHEIM BLVD., SUITE 356
ANAHEIM CA 92805
(714) 765-5169
akott@anaheim.net

Brian T. Cragg
Attorney At Law
GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP
505 SANSOME STREET, SUITE 900
SAN FRANCISCO CA 94111
(415) 392-7900
bcragg@gmssr.com

Wendy Keilani
SAN DIEGO GAS & ELECTRIC COMPANY
8330 CENTURY PARK CT. CP32D
SAN DIEGO CA 92123
(858) 654-1185
wkeilani@semprautilities.com

Carol Schmid-Frazee
Attorney At Law
SOUTHERN CALIFORNIA EDISON CO.
PO BOX 800
2244 WALNUT GROVE AVENUE
ROSEMEAD CA 91770
(626) 302-1337
carol.schmidfrazee@sce.com
For: Southern California Edison Company

Sara Carrillo
SOUTHERN CALIFORNIA EDISON COMPANY
2244 WALNUT GROVE AVENUE
ROSEMEAD CA 91770
(626) 302-6705
sara.carrillo@sce.com

***** STATE EMPLOYEE *****

Donna J. Hines
Division of Ratepayer Advocates
RM. 4102
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-2520
djh@cpuc.ca.gov

Jeffrey P. O'Donnell
Administrative Law Judge Division
RM. 5111
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-3134
jpo@cpuc.ca.gov

***** INFORMATION ONLY *****

MRW & ASSOCIATES, INC.
1999 HARRISON STREET, SUITE 1440
OAKLAND CA 94612
(510) 834-1999
mrw@mrwassoc.com

Central Files
SAN DIEGO GAS AND ELECTRIC COMPANY
8330 CENTURY PARK COURT, CP31E
SAN DIEGO CA 92123
(858) 654-1240
centralfiles@semprautilities.com